

ACT No. 2006-299

SB251

79257-4

By Senators French, Preuitt, Roberts, Dixon, Lee, Smitherman,  
Byrne, Tanner, Erwin, Myers, Dial, and Biddle

RFD: Banking and Insurance

First Read: 12-JAN-06



SB251

ENROLLED, An Act,

Relating to insurance regulation, to provide for the biennial renewal of licenses for insurance producers, service representatives, and adjusters; to require individuals to complete 20 hours of prelicensing education for each major line of authority to qualify to take the insurance producer examination for those lines of authority; to require insurance producers and service representatives to complete 24 hours of continuing education on a biennial basis, a certain number of hours of which shall be on the topic of insurance producer ethics or business practices; to authorize the commissioner to promulgate regulations to provide for the transition from annual renewal to biennial renewal of licenses for insurance producers, service representatives, and adjusters; to provide an adjustment of licensing fees as necessary to accommodate biennial licensing; and for those purposes, to amend Sections 27-4-2, 27-7-5, 27-8A-1, 27-8A-9, and 27-9-5, Code of Alabama 1975, and to add Section 27-2-17.1 to the Code of Alabama 1975.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Sections 27-4-2, 27-7-5, 27-8A-1, 27-8A-9, and 27-9-5, Code of Alabama 1975, are amended to read as follows:

"§27-4-2.

"(a) The Commissioner of Insurance shall collect in advance fees, licenses, and miscellaneous charges as follows:

"(1) Certificate of authority:

"a. Initial application for original	\$500
certificate of authority, including	
the filing with the commissioner of	
all documents incidental thereto	

"b. Issuance of original certificate	500
of authority	

"c. Annual continuation or renewal fee	500
--	-----

"d. Reinstatement fee	500
-----------------------	-----

"(2) Charter documents, filing with	25
the commissioner amendment to articles	
of incorporation or of association, or	
of other charter documents or to by-	
laws	

"(3) Solicitation permit, filing ap-	250
--------------------------------------	-----

1	plication and issuance	
2	"(4) Annual statement of insurer, ex-	25
3	cept when filed as part of application	
4	for original certificate of authority,	
5	filing	
6	"(5) Producer licenses (resident or	
7	nonresident):	
8	"a. Individuals:	
9	"1. Application fee (For filing of	20
10	initial application for license)	
11	"2. License fee (For issuance of orig-	40
12	inal license)	
13	"b. Business entities:	
14	"1. Application fee (For filing of	20
15	initial application for license)	
16	"2. License fee (For original license	100
17	and each biennial renewal)	
18	"c. Examination fees (For producer ex-	50
19	amination or reexamination, each clas-	
20	sification of examination)	
21	"(6) Producer appointment fee:	

1	"a. Filing notice of appointment	30
2	"b. Annual continuation of appointment	10
3	"(7) Reinsurance intermediary license:	
4	"a. Filing application for license	30
5	"b. Issuance of initial license	140
6	"c. Annual continuation of license	100
7	"(8) Managing general agent's license:	
8	"a. Application fee (For filing of	30
9	initial application for license, each	
10	insurer)	
11	"b. Issuance of initial license, each	125
12	insurer	
13	"c. Annual continuation of license,	75
14	each insurer	
15	"(9) Service representative's license:	
16	"a. Application fee (For filing of	20
17	initial application for license, each	
18	insurer)	
19	"b. Appointment fee, property and ca-	30
20	sualty, each insurer (For original ap-	

1	pointment and each annual renewal)	
2	"(10) Surplus line broker:	
3	"a. Application fee (For filing of	20
4	initial application for license)	
5	"b. License fee (For original license	
6	and each annual renewal):	
7	"1. Individual licensees	200
8	"2. Business entity licensees	500
9	"(11) Adjusters:	
10	"a. Application fee (For filing of	20
11	initial application for license)	
12	"b. License fee (For original license	80
13	and each biennial continuation)	
14	"(12) Miscellaneous services:	
15	"a. For copies of documents, records	1
16	on file in insurance department, per	
17	page	
18	"b. For each certificate under seal of	5
19	the commissioner, other than licenses	

1           "(13) The commissioner shall collect a fee of fifty  
2     dollars (\$50) when, in acting as agent for service of process  
3     for any insurance company, fraternal benefit society, mutual  
4     aid association, nonresident producer, or nonresident surplus  
5     line broker, he or she accepts the service of legal process as  
6     provided by the laws of this state. The commissioner shall  
7     refuse to receive and file or serve any process unless the  
8     process is accompanied by the aforementioned fee, which shall  
9     be taxed as costs in the action.

10           "(b) The fees and licenses specified in subsection  
11     (a) shall be deposited in the State Treasury with 50 percent  
12     credited to the General Fund and 50 percent credited to the  
13     Insurance Department Fund.

14           "\$27-7-5.

15           "(a) An individual applying for a resident insurance  
16     producer license shall make application to the commissioner on  
17     the Uniform Application, and an individual applying for a  
18     service representative license shall make application to the  
19     commissioner on the application prescribed by the  
20     commissioner, each declaring under penalty of refusal,  
21     suspension, or revocation of the license that the statements  
22     made in the application are true, correct, and complete to the  
23     best of the individual's knowledge and belief. Before

1 approving the application, the commissioner shall find that  
2 the individual has satisfied all of the following:

3 "(1) The individual is at least 18 years of age.

4 "(2) The individual has not committed any act that  
5 is a ground for denial, suspension, or revocation set forth in  
6 Section 27-7-19.

7 "(3) The individual has completed a prelicensing  
8 course of study for the lines of authority for which the  
9 person has applied, consisting of 20 classroom hours per line  
10 of authority, or equivalent individual instruction, on the  
11 general principles of insurance for that line of authority,  
12 the course to be taught only by those educational  
13 institutions, junior or senior colleges, technical colleges,  
14 trade schools, insurance companies, or insurance trade  
15 organizations which hold written authority from the  
16 commissioner to issue certificates of completion.

17 "a. Each authority holder must apply annually for  
18 the continued authority to issue certificates under rules and  
19 regulations to be prescribed by the commissioner.

20 "b. Prior to writing the designated examination for  
21 license, the applicant must furnish a certificate of  
22 completion of the aforesaid prelicensing course from the  
23 authorized educational institution, insurance company, or  
24 insurance trade organization.



"c. All applicants for a license to transact the life lines of authority who are holders of the professional designation chartered life underwriter (CLU); all applicants for a license to transact the property lines of authority who are holders of the professional designations chartered property casualty underwriter (CPCU) or certified insurance counselor (CIC); or other similar professional insurance designations as the commissioner may prescribe by regulation shall be deemed to have completed the prelicensing course as prescribed in this subdivision.

"d. All applicants for a license to transact only the following lines of authority shall be exempt from the requirements of this subdivision:

"1. Industrial fire, commonly known as debit fire, insurance.

"2. Limited lines insurance.

"e. All producers and service representatives who are lawfully licensed for a particular line of authority as an agent, broker, solicitor, or service representative immediately prior to January 1, 2002, are exempt from the requirements of this subdivision for that line of authority unless, after January 1, 2002, the license is permitted to expire or is otherwise terminated and remains out of effect for a period of 12 consecutive months, in which case the

1 exemption from the prelicensing course shall no longer be  
2 applicable.

3 "(4) The individual has successfully passed the  
4 examination for the lines of authority for which the  
5 individual has applied, except that no examination shall be  
6 required of an applicant as follows:

7 "a. All applicants for a license to transact only  
8 one or more of the limited lines insurance.

9 "b. All applicants for a license to transact the  
10 life lines of authority who are holders of the professional  
11 designation chartered life underwriter (CLU).

12 "c. All applicants for a license to transact the  
13 property lines of authority who are holders of the  
14 professional designation chartered property casualty  
15 underwriter (CPCU) or certified insurance counselor (CIC).

16 "d. The commissioner may prescribe by regulation  
17 other similar professional insurance designations as  
18 exemptions from the examination requirement for particular  
19 lines of authority.

20 "e. All producers lawfully licensed for a particular  
21 line of authority as an agent, broker, solicitor, or service  
22 representative immediately prior to January 1, 2002, are  
23 exempt from the requirements of this subdivision for that line  
24 of authority unless, after January 1, 2002, the license is  
25 permitted to expire or is otherwise terminated and remains out

1 of effect for a period of 12 consecutive months, in which case  
2 the exemption from examination shall no longer be applicable.

3 "f. All service representatives.

4 "(5) The individual has paid the fees set forth in  
5 Section 27-4-2.

6 "(b) A business entity acting as an insurance  
7 producer is required to obtain an insurance producer license.  
8 Application shall be made using the Uniform Business Entity  
9 Application. Before approving the application, the  
10 commissioner shall find that the business entity has satisfied  
11 all of the following:

12 "(1) A licensed individual producer has been  
13 designated responsible for the business entity's compliance  
14 with the insurance laws, rules, and regulations of this state.

15 "(2) The business entity has paid the fees set forth  
16 in Section 27-4-2.

17 "(c) The commissioner may require any documents  
18 reasonably necessary to verify the information contained in an  
19 application.

20 "(d) Each insurer that sells, solicits, or  
21 negotiates any form of limited line credit insurance shall  
22 provide to each individual whose duties will include selling,  
23 soliciting, or negotiating limited line credit insurance a  
24 program of instruction.

25 "\$27-8A-1.

1           "(a) Any natural person licensed in this state as an  
2 insurance producer or service representative for the lines of  
3 insurance listed in subsection (b), and not exempt under  
4 subsection (c), shall satisfactorily complete a minimum of 24  
5 classroom hours biennially of courses, programs of  
6 instruction, or seminars as may be approved by the  
7 commissioner pursuant to this chapter, three hours of which  
8 shall be on the topic of insurance producer ethics or business  
9 practices. No person holding licenses for more than one line  
10 or type of insurance shall be required to complete a greater  
11 number of classroom hours than is required of a person holding  
12 a license for a single line or type of insurance.

13           "(b) This chapter shall apply to all natural persons  
14 licensed in this state as insurance producers and service  
15 representatives for the following kinds of insurance:

16                 "(1) The life lines of authority.

17                 "(2) The property lines of authority.

18                 "(3) All other lines of insurance for which an  
19 examination is required for licensing.

20                 "(4) Any combination thereof.

21           "(c) The continuing education requirements of this  
22 chapter shall not apply to:

23                 "(1) Any person exempt from licensing pursuant to  
24 subsection (b) of Section 27-3-27.

1           "(2) Any person licensed only for any kind or kinds  
2 of insurance for which an examination is not required by law  
3 of this state.

4           "(3) Any person licensed only for limited lines  
5 insurance, industrial fire, commonly known as debit fire,  
6 insurance, or any combination thereof.

7           "(4) All producers and service representatives  
8 licensed in this state for 15 years and at least 60 years of  
9 age or older.

10           "(5) Any person who holds a designation as a  
11 Chartered Property and Casualty Underwriter, Certified  
12 Insurance Counselor, Chartered Life Underwriter, Chartered  
13 Financial Consultant, CERTIFIED FINANCIAL PLANNER certificant,  
14 Registered Health Underwriter, Registered Employee Benefits  
15 Consultant, Certified Health Consultant, or Associate Risk  
16 Manager.

17           "(6) Newly licensed producers and service  
18 representatives for 12 months following the effective date of  
19 their license.

20           "(7) Officers of insurers who are not engaged in the  
21 active sale of products.

22           "(8) Persons who are active members of the Alabama  
23 Legislature during any portion of the biennial reporting  
24 period.

"(d) Up to 24 hours of excess classroom hours completed during any two-year period may be carried forward to the next biennial reporting period.

"(e) In lieu of the 24 hours required in subsection (a), any producer or service representative employed by another producer or by an insurer to work only in the office of the employer and who is not licensed as a nonresident in any other state shall satisfactorily complete a minimum of 12 classroom hours biennially, one and one-half hours of which shall be on the topic of insurance producer ethics or business practices.

"§27-8A-9.

"(a) The commissioner shall collect the following fees in the administration and enforcement of this chapter:

"(1) License renewal fees paid in connection with the biennial application for license renewal by producers and service representatives..... \$40.

"(2) Late filing fee to be paid by each producer and service representative failing to make a timely filing of the compliance form..... \$50.

"(3) Provider authority initial filing fee, a one-time fee to be paid by each education course provider for authority to offer continuing education courses in this state..... \$300.

"(4) Provider authority annual renewal fee, to be paid by each education course provider for continuation of authority to offer continuing education courses in this state..... \$100.

"(5) Course approval filing fee, to be paid by the provider for the approval of each education course or program to be offered in this state (one-time fee per course, with no need for renewal)..... \$50.

"(b) The fees collected pursuant to this section shall be deposited in the State Treasury to the credit of the Insurance Department Fund.

"§27-9-5.

"(a) An adjuster license shall continue in force until expired, suspended, revoked or otherwise terminated, but subject to payment to the commissioner biennially, on or before December 31, of the renewal year, of the continuation fee stated in Section 27-4-2, accompanied by written request for the continuation.

"(b) Any license as to which the fee and request for continuation is not received by the commissioner as required in subsection (a) of this section, shall be deemed to have expired at midnight on December 31, mentioned in subsection (a) of this section. Request for continuation of any such license and/or payment of the continuation fee therefor which is received by the commissioner after such December 31, but

1 before the next following February 15, may be accepted and  
2 effectuated by the commissioner, in his discretion, if  
3 accompanied by a continuation fee of one and one-half times  
4 the continuation fee otherwise required."

5 Section 2. Section 27-2-17.1 is added to the Code of  
6 Alabama 1975, to read as follows:

7 §27-2-17.1

8 The commissioner shall, by regulation, provide for  
9 the transition from annual renewal to biennial renewal of  
10 licenses for insurance producers, service representatives, and  
11 adjusters by staggering the renewal periods in 2007 and 2008.  
12 Certain licensees may be required to renew for one year at  
13 one-half the biennial fee and continuing education coursework  
14 otherwise required under this act.

15 Section 3. Section 2 of this act shall become  
16 effective immediately and the remainder of this act shall  
17 become effective January 1, 2007, upon its passage and  
18 approval by the Governor, or its otherwise becoming law.



*Lucy Baxley*

President and Presiding Officer of the Senate

*Art. / Smith*

Speaker of the House of Representatives

SB251

Senate 24-JAN-06

I hereby certify that the within Act originated in and passed the Senate, as amended.

Senate 30-MAR-06

I hereby certify that the within Act originated in and passed the Senate, as amended by Conference Committee Report.

McDowell Lee  
Secretary

House of Representatives  
Passed: 07-MAR-06, as amended

House of Representatives  
Passed: 30-MAR-2006, as amended by Conference Committee Report.

By: Senator French

APPROVED April 4, 2006

TIME 8:40 a.m.

*Bob Riley*  
GOVERNOR